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NEW DIRECTIONS FOR OUR CITIES
IN THE SEVENTIES

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and
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A Philadelphia Inquirer reporter interviews Boston
Back Bay residents to find out why they have moved back
1
to the City. A Los Angeles Times story heralds the return
2
of the middle class to the Central City. A Fortune
magazine writer reports "In the downtown of our big cities,
things are coming together.... A small but significant
portion of downtown office workers are forsaking the
3
suburban dream and making their abodes at the core." The
U.S. Census Bureau projects a concentration of 1970's
population in the 25 to 34 year old age group, - those whose
lifestyles favor city living.

Our large cities are on the threshold of new growth
and revitalization. For the cities, this prospect repre-
sents a new stage in their evolution. Newly emerging
factors of strength are reversing the tide which ran



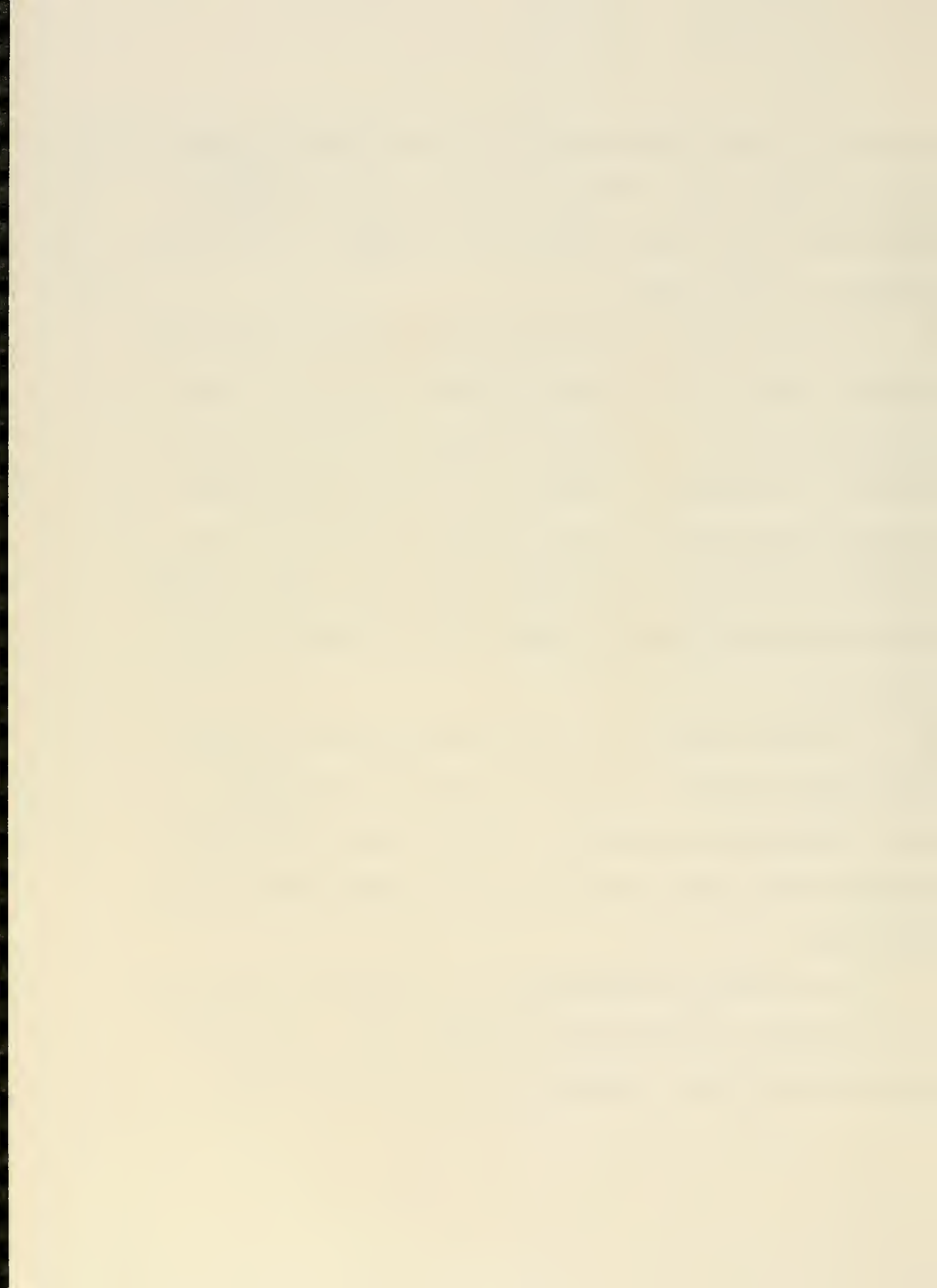
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against job opportunities and the attractiveness of living in our large cities. Though problems are many, important new forces are underway, creating a new phase in the Nation's pattern of urban growth.

The United States began as an agriculture based, rural Nation. Then the industrial revolution spurred the growth of manufacturing and commerce, and generated an inexorable process of urbanization, aided by an extraordinary growth in agricultural productivity, which made possible a continuous expansion of agricultural output with fewer workers. Industrialization and urbanization were one and the same process.

Following World War II, the suburbanization of jobs and people evolved in response to changes in industrial and transportation technology, the baby boom, the rise in family income levels, and the role of Federal home mortgage insurance.

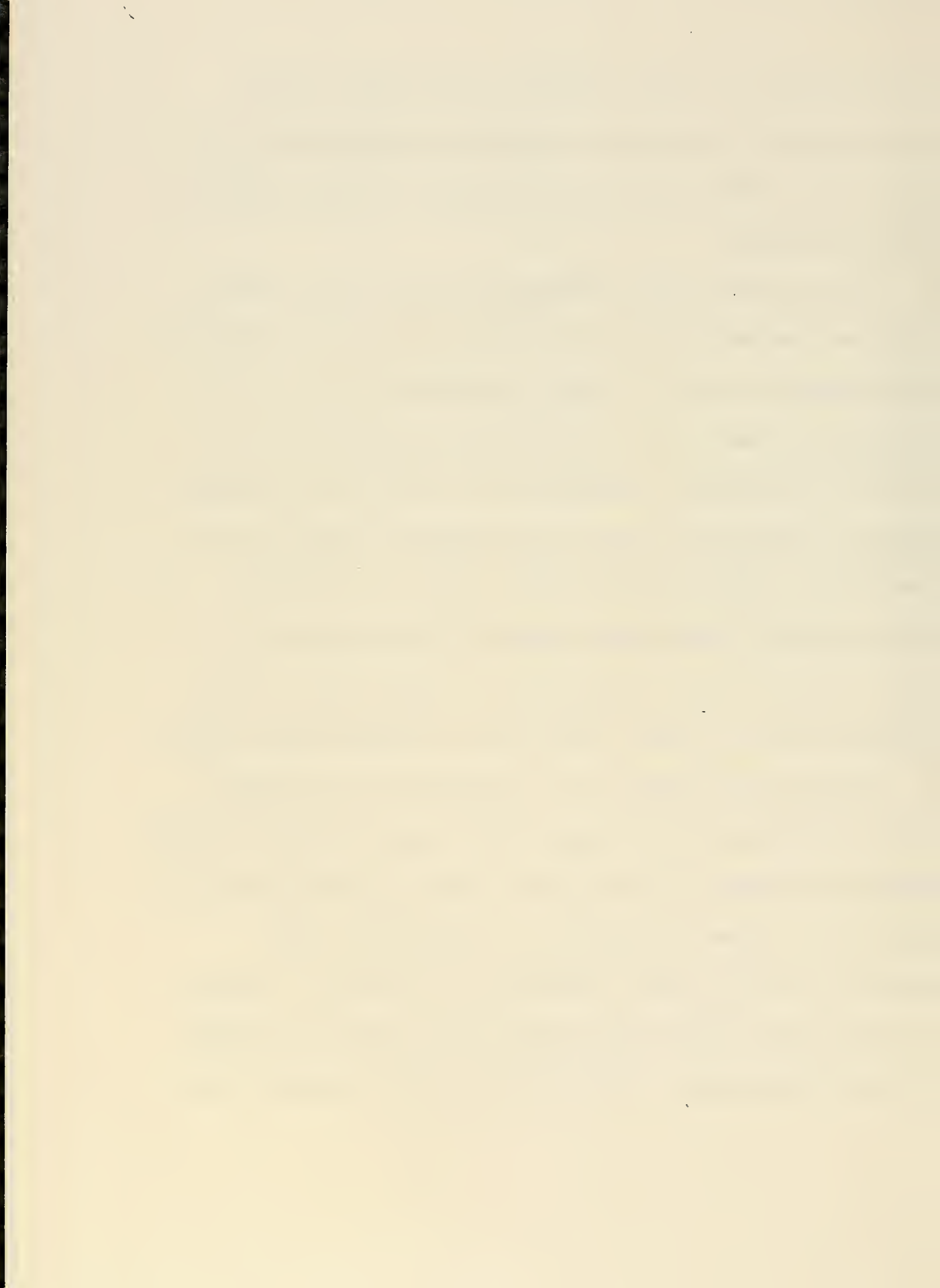
In the 1960's, the emergence of the services revolution, - the greater relative growth of white collar, office jobs than of blue collar, industrial jobs, created a newly



expanding role for the economies of our large cities, reversing the earlier loss of jobs, and giving rise to an era of new office building development in large cities all over the Nation.

In the 1970's, new demographic factors will combine with the economic resurgence of large cities to revitalize their role as a place to live. The babies of the '50's, the youth of the '60's, will be the young adults of the '70's. The relative increase in the 25-34 year old population, which will dominate the demographic patterns of the 1970's, will complement other social and economic forces making large cities a more attractive place to live. The poor will be vulnerable to these changes which may price much of their current urban housing beyond reach.

This article presents new information and analyses on the evolution of our large cities and a scenario of their likely development in the 1970's. Just as these new directions are a cause for optimism for the vitality and viability of the cities, they must be viewed as a source of concern for those whose housing costs will be impacted by the rising market. Those who are able to remain in the



City, as well as those new to the City, are likely to experience an improved environment. The challenge of achieving the national goal of decent, safe, and sanitary housing for all is, however, not likely to be met without new efforts enhancing the purchasing power of the poor.

The Boston Experience

Illustrative of the change in large central cities is the case of Boston. Within the span of less than three decades, the City of Boston has gone from full decline in the 1950's, with large losses of jobs and population, to economic revitalization in the 1960's, with the services revolution, and revival as a place to live in the 1970's, with the influx of 25 to 34 year olds.

Following World War II, through the 1950's and early 1960's, Boston suffered a process of decline. There was a large loss of middle class families to the expanding suburbs. There was a withering outflow of manufacturing to suburban sites facilitating modern one-story plant layouts and access to the interstate highway system. There was the suburban shift of wholesale and retail trade, taking advantage, respectively, of better transportation and market access. There was a fall in taxable property

values. There was a relative neglect of public facilities. There was a sizable in-migration of the poor from areas of lesser opportunity.

The Boston experience since the mid-1960's, however, has shown that fundamental economic forces now favor the economic growth of central cities.

Since 1963, the City of Boston has benefited from its specialization in a broad range of high-grade service activities which were expanding nationally, - finance and insurance, medical service, higher education, business services, recreation and tourism, personal services, and public service. From 1963 to 1972, Boston gained 60,000 service activity jobs, which more than offset the further loss of 20,000 manufacturing jobs. With the growth in jobs, and the higher levels of productivity which they represent, Boston's production of goods and services, expressed in dollars of constant value, at 1970 prices, rose from \$7 billion, in 1960, to \$10 billion, in 1972. And national and metropolitan region projections, suggesting the prospect for future growth in Boston's service activities, taken together with the private sector

commitment to the construction of 12 million square feet of office space in Boston over the next 5 to 8 years, signify an outlook for 80,000 more service activity jobs for Boston in this decade. See Chart I.

The growth in jobs has already had a favorable impact on income and poverty in Boston. Mean household income, expressed in dollars of constant value, rose by one-fourth, from 1960 to 1970, and the number of poor people has been reduced by one-fourth. More than one out of three households in Boston now have incomes of \$10,000 and over.

Accompanying the growth in jobs and income, there was a substantial upgrading of the City's housing stock, and residential property values in most Boston neighborhoods have been rising at rates equal to and exceeding that in surrounding suburban cities and towns. As a consequence of new construction, (20,000 dwellings), demolition (20,000 dwellings), and rehabilitation (8,000 dwellings), the value of Boston's housing stock, measured in dollars of constant value, at 1970 prices, increased from \$1.8 billion, in 1960, to \$2.4 billion, in 1970. Residential

Chart I

REVITALIZATION OF BOSTON
AS A PLACE TO WORK
AND LIVE

Employment

Growth in Services Share

Production

Investment

1960-72 and Underway and Planned, Total and Public and
Private

Office Building Growth

Housing Upgrading

Property Values

Income

Education

Occupations

Commuters

Population

property values in Boston, as reflected in market transactions, doubled between 1960 and 1972. This growth in residential property values in Boston compares favorably with that of the suburban cities and towns in the metropolitan area, - and reflects a healthy housing market, - albeit the existence of "soft spots" in some neighborhoods.

The quality of Boston's manpower, in terms of educational attainment and occupational skills, improved significantly in the last decade, - benefitting from the combination of special manpower and education programs, and the expanding level of better jobs. The share of Boston's labor force with a high school degree rose by 40 percent, and the proportion with a college degree increased by 60 percent, between 1960 and 1970. Similarly, the share of Boston's labor force in professional and clerical occupations grew by 22 percent, while those in operative and laborer occupations fell by 19 percent, in the 1960-70 period.

Labor market conditions in Boston also improved with an important narrowing of the gap between the rate of

unemployment in the City of Boston and that in the metropolitan area in the course of the decade.

As a consequence of the strengthening of Boston's job market, the flow of job in-commuters increased by one-third between 1960 and 1970.

Laying the base for the growth in jobs and income, upgrading of the labor force, and the improvement in the housing stock, was a notable rise in capital investment in Boston. Capital construction and equipment outlays (measured in dollars of constant value, at 1970 prices), expanded from an annual average rate of \$650 million, in the years 1961-67, to \$850 million, in the 1968-71 period, and achieved an estimated \$1 billion rate in 1972. These increases were made up of growing rates of capital investment in office buildings and commercial structures, medical facilities and educational institutions, new and rehabilitated housing, and public facilities and capital improvements.

Especially noteworthy was the redoubled effort toward the revitalization of the City's antiquated and obsolescent public facilities. Capital expenditures by the City of

Boston on public facilities and capital outlays, rose from an average annual outlay of \$20 million, in the years 1950-67, to \$50 million, in the 1968-71 years, and to \$90 million, in 1972.

A recently completed survey of capital construction in progress in the City of Boston indicates a further rise in capital investment is in store, at a rate of \$1.25 billion over the next three to five years. Most significant of all are the implications of this investment for the kind of City Boston is becoming. The service activity role of the Boston economy will be reinforced. A rebirth of the City as a place to live is underway. There is a new process of concentrated growth, in the Core Area of the City, of jobs and income, population and housing, and retail trade activity.

Perhaps, most significant of all, the Boston Police Department Census of the City's population in 1972, shows that Boston's population is now rising, after two decades of decline. When compared to the U.S. Census of Population of 1970, the Police Census of 1972 indicates a population

growth of 18,566 persons, 20 years and over, - an increase of 4 percent. This 2 percent annual rate of growth compares with annual rates of decline of -1.4 percent, in the years 1950-60, and -0.8 percent, in the period 1960-70.

Population growth was concentrated, principally, in the 25-34 year age group, which rose by 19,633 persons, from 1970 to 1972. There was growth also in the 20-24 year age group, and those 65 and over. Conversely, there was a continued, though slackened, decline in the 35-64 year age group, which had borne the major share of population loss in the 1960-70 decade, reflecting the outflow of families.

Significantly, population growth is occurring in the more centrally located neighborhoods. Population levels in the older neighborhoods are stabilizing. And population loss in the inner city neighborhoods is sharply reduced.

The influx of 25 to 34 year olds, the stemming of the outflow of population in the 35 to 64 year age group, and the concentration of growth in the more centrally located neighborhoods, reflects the new factors of strength

favoring Boston; - growth in jobs and income, enhancement of the skills of the labor force, new lifestyles favoring city living, upgrading of public facilities and urban amenities, and improvement in housing conditions.

The Boston experience suggests that the revitalization of the City and the expansion of opportunities for the population and the labor force benefitted fundamentally from the programs for manpower training and social services, housing and urban renewal, and the revival of public facilities and capital improvements. It was a combination of the services revolution, and its impact on jobs and income, complemented by ambitious public programs and private investment commitment, that has turned the tide.

Despite a number of features unique to Boston, including the key role of public policy in revitalizing the City's public facilities, beginning in 1968, and the City's specialization in a broad array of service activities that are expanding nationally, Boston's experience is part of the long-term process of urbanization, suburbanization, and

revitalization of our large cities as places to work and live, heralding a renaissance in the 1970's.

Urbanization

The process of urbanization in the United States reflected the pattern of economic change. In the 17th, 18th, and much of the 19th centuries, the quest for food was a primary determinant of the geographic distribution of population. Then, the industrial revolution with its transportation and labor force requirements spurred the growth of cities. Rising income levels led to an expanding demand for a broader and more sophisticated array of manufactured goods. Meanwhile, continuous gains in agricultural productivity made possible an expanding volume of agricultural produce with fewer workers. Workers no longer needed in the production of food flowed to the cities.

The rise in income, the needs of industrial activity, and expanding agricultural productivity have brought about major shifts in population location and the skill level of the labor force. In the past 170 years, the share of our

population living in urban places has risen from 6 percent, in 1800, to 66 percent, in 1970. See Chart II. In 1869, 48 percent of the Nation's jobs were in agriculture. As our Nation grew, the number of jobs in agriculture expanded, reaching a peak in 1910, when 11 million agricultural workers made up 30 percent of the national total. By the eve of World War II, this share had been reduced to 20 percent, and, in 1972, 3.5 million agricultural workers accounted for 4.2 percent of the national job total.

In the last three decades, our rural areas lost population, while the cities and towns of our metropolitan areas absorbed these flows as well as all of the population growth of a Nation experiencing a large post-war baby boom. Over this period, the population of our metropolitan areas doubled, rising from 70 million, in 1940, to 140 million, in 1970. See Chart III.

Chart II

URBANIZATION

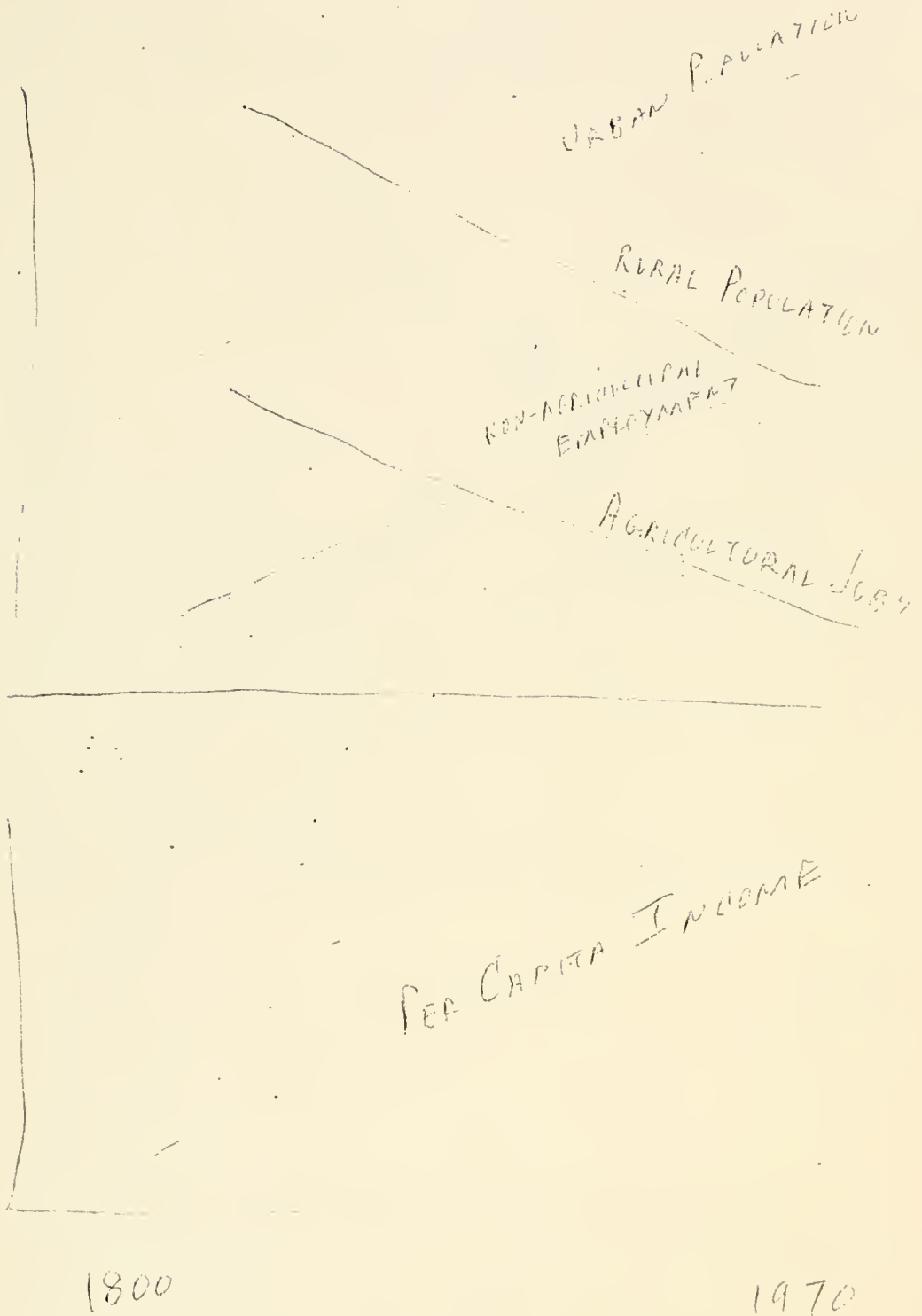
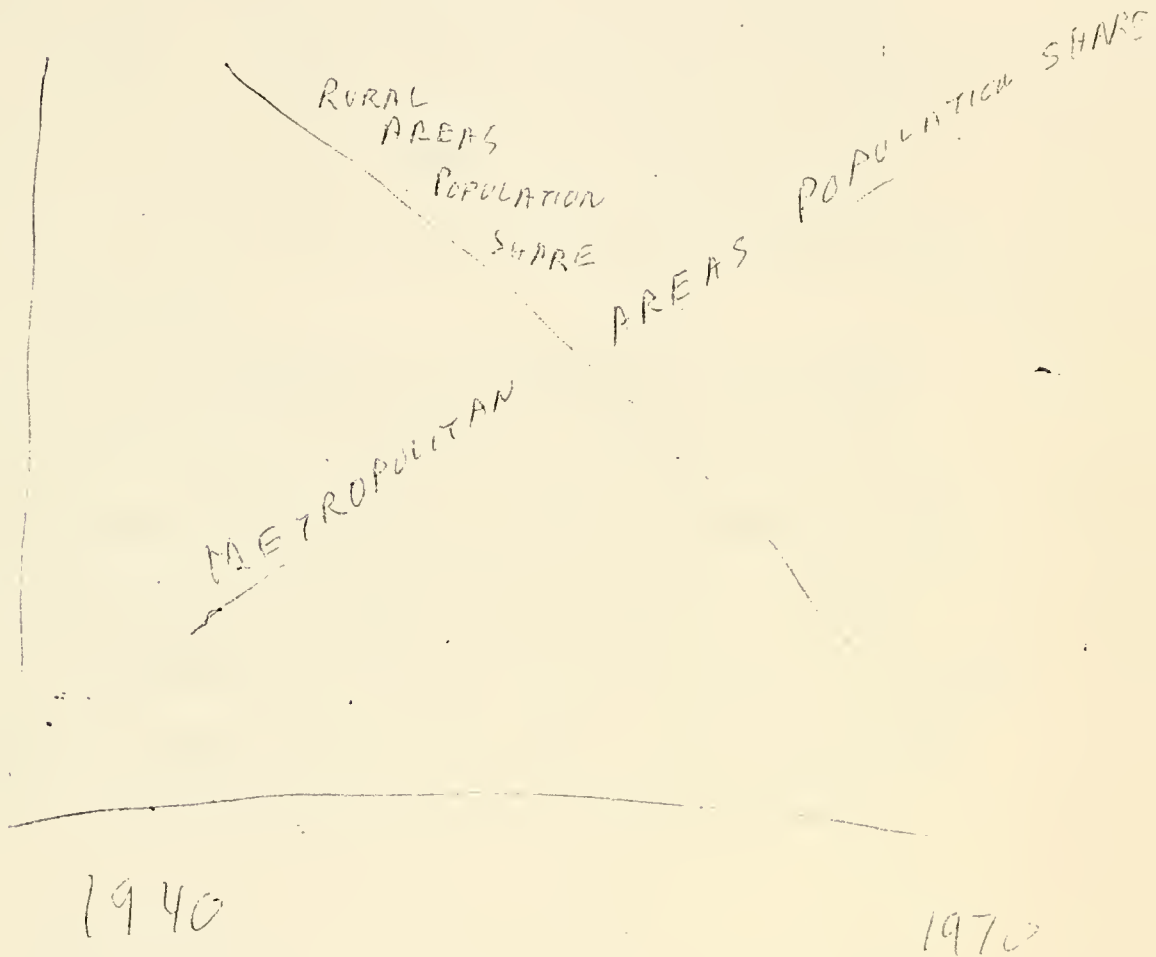


Chart III

METROPOLITAN AREA GROWTH



Suburbanization

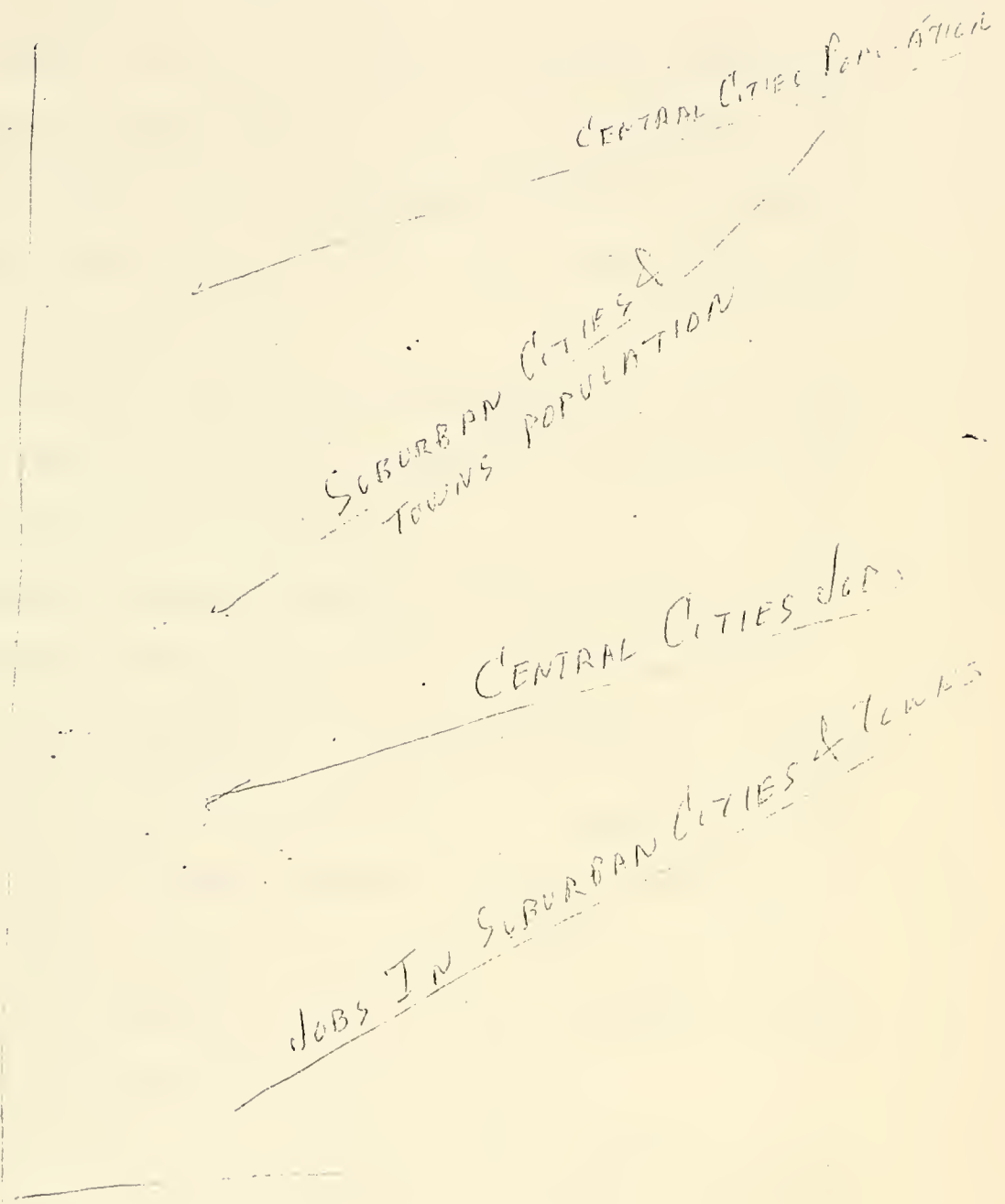
Following World War II, a new phase in the role of our cities began as an accelerated process of suburbanization unfolded. In 1940, metropolitan areas, (urbanized areas having a city with at least 50,000 people), were dominated by central cities which accounted for two-thirds of their inhabitants.

By 1970, the population of metropolitan areas had doubled and more than half were now living in suburban cities and towns, displacing the primary residential role of the central cities. Between 1940 and 1970, the population of the suburban cities and towns grew from 26 million to 76 million, while that of the central cities rose from 43 million, in the earlier year, to 64 million, in the latter.

The suburbanization of the metropolitan area population was followed by a suburbanization of jobs. Since 1960, employment in the suburban cities and towns of 30 large metropolitan areas has risen by more than half, accounting for three-fourths of the total growth in jobs in their metropolitan areas. See Chart IV.

Chart IV

SUBURBANIZATION



A number of forces contributed to the process of suburbanization.

Postwar growth in the national economy brought new increases in family income levels and an expanding demand for new housing with a preference for suburban residence location, offering more internal and external space and improved amenities.

The postwar baby boom meant younger and larger families, with better incomes, generating new pressures for housing and public services.

Federal mortgage insurance and tax benefits made suburban home ownership easier and more attractive.

A great expansion in car ownership emerged following World War II, as income levels rose. Responding to this, the Interstate Highway Program, initiated in the mid-1950's, made possible a far greater choice of where to live, and a fundamental change in goods movement and the economics of manufacturing plant location.

While these forces fostered suburbanization, another set of forces, also impelled by the postwar growth in the national economy, engendered a vast migration of the rural

poor to the northern cities. Displaced by agricultural modernization and mechanization, the rural poor, of whom many were black, took the place of foreign immigrants as the new source of entrants to the cities.

The complex interrelationship of these forces led to a rapid pace of suburbanization, and a relative decline of the central cities, both as a place to live and a place to work.

The Services Revolution

In the 1960's, a countervailing force to the suburbanization of industrial and trade jobs emerged. A new national phenomena, the services revolution, involving a greater growth in services activity jobs than in the production of goods, brought about a resurgence in the economic life of our large central cities. See Chart V.

As income levels rose, an increasing share of consumer expenditures shifted to the purchase of services. See Chart VI.

Chart V

THE SERVICES REVOLUTION.

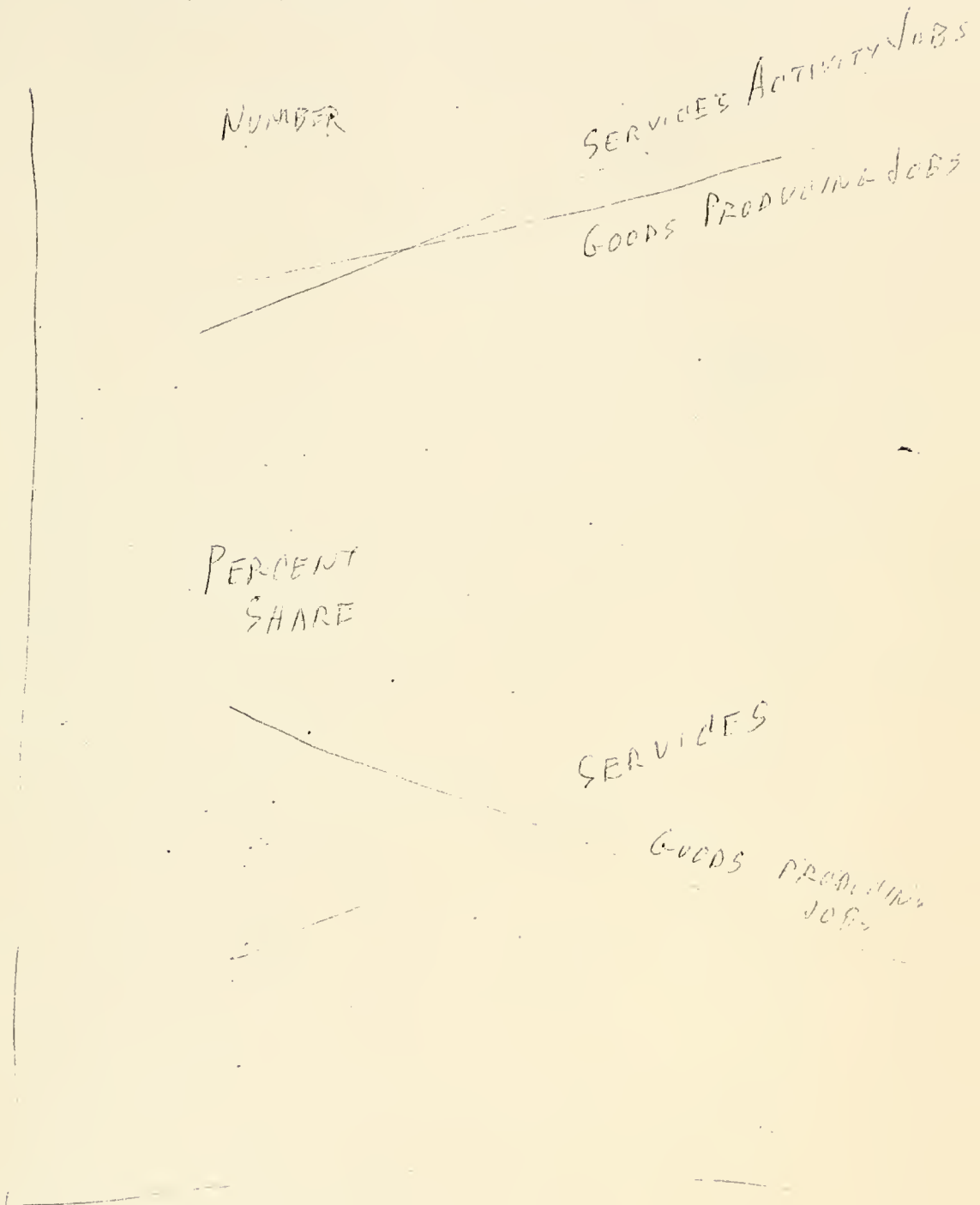
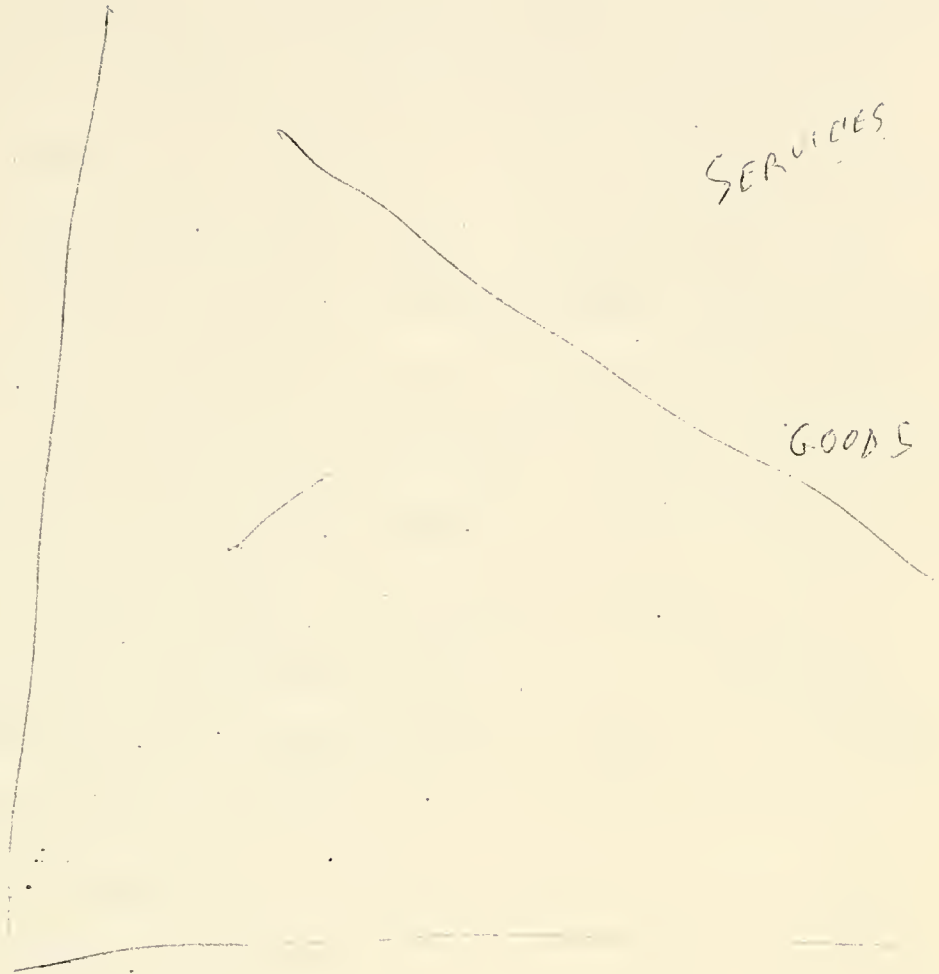


Chart VI
CONSUMER DEMAND

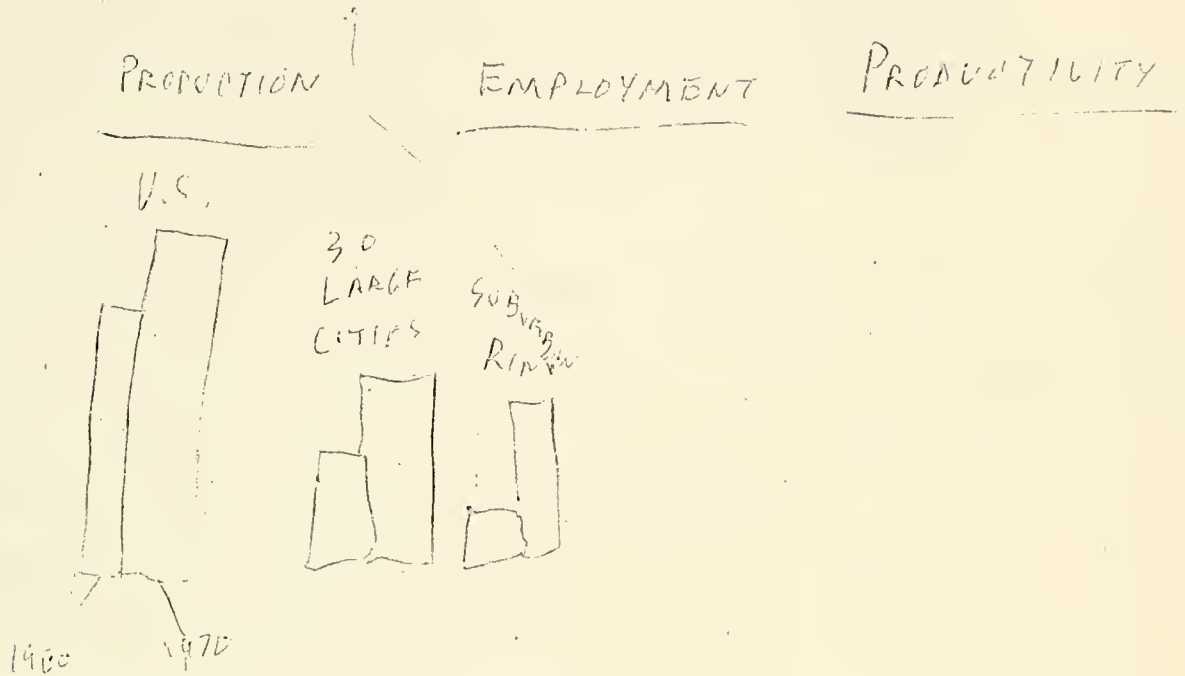


In contrast to the suburban location orientation of the postwar increase in manufacturing and trade jobs, a major share of the growth in services activity jobs is taking place in our large cities. In the 1960's, the growth of service activity jobs more than offset the continued loss of manufacturing jobs in our central cities. Whereas, in the 1950's, our 30 largest central cities had experienced no rise in employment, in the 1960's they gained 1.5 million jobs, - an increase of 10 percent. These new jobs were largely the result of a fundamental restructuring of our economy toward increasing production and employment in a broad range of service activities, - finance, insurance, real estate, communications, medical services, higher education, business services, recreation and tourism, and government services.

As a consequence, in the 1960's, the production of goods and services of these 30 large central cities rose by more than one-third (measured in dollars of constant value), and made up one-third of the Nation's output by the end of the decade. See Chart VII.

Chart VII

OUR LARGE CITIES



EMPLOYMENT IN 30 LARGE CITIES

SERVICES

MANUFACTURING, TRADE
& OTHER

As a location of production, these cities continue to be enormously important, vital, and leaders in the transformation of an economy which produces more in services than in goods. Our 30 large cities accounted for half of the total growth of production in their metropolitan areas in the 1960's. See Chart VIII.

The transformation of our large cities was accompanied not only by an increase in jobs, but also an upgrading in their productivity. With job gains in the 1960's representing one-fourth of that in their metropolitan areas, and 15 percent of that for the Nation as a whole, output per worker in the 30 large cities rose as rapidly, and maintained a higher level.

Even though jobs were expanding more rapidly in the suburban portions of our metropolitan areas, the resurgence of job growth in the central cities highlights their economic importance and their key role in metropolitan area growth and development.

The changing character of employment in the cities introduced complexity to the cities' historic role of providing the poor with an economic ladder of expanding

Chart VIII

ROLE OF OUR LARGE CITIES
IN METROPOLITAN AREA GROWTH
IN THE 1960'S

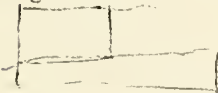
PRODUCTION

CHANGE 60

MET AREAS



CENTRAL CITIES



SUBURBAN RINGS



EMPLOYMENT

opportunities. Unlike industrial activity, service activity jobs do not facilitate the easy absorption of unskilled manpower. Appropriately focused manpower training is essential to enable the poor in the cities to take advantage of the new jobs and new opportunities. On the other hand, the sharp decrease in foreign immigration, and the relative depletion of the pool of rural poor who migrated to the cities, will change the historic role played by the cities in the economic upgrading of new arrivals. Though the numbers coming to the cities requiring special aid will not be rising, the need for such aid will be greater because of the increased public cost of training people for white collar jobs.

An office building boom, of extraordinary magnitude, created by the services revolution, has been underway since the early 1960's, dramatically changing the physical profile of our large cities.

During the 1960's, 20 large cities experienced a 40 percent growth in office space from 477 million square feet, in 1960, to 681 million square feet, in 1970, after a virtual 30 year hiatus in downtown office building. See Chart IX. There was also a substantial upgrading

Chart IX

THE OFFICE BUILDING BOOM;
OFFICE SPACE IN 1960 AND 1970

1960

1970



NEW YORK



LOS ANGELES

CHICAGO

PHILADELPHIA

BOSTON

of office space standards, with office space per worker increasing by 25 percent. Office building construction is remaking the downtowns of our large cities and the spatial concentration of these jobs carries with it a demand for public services quite different from that of the relatively more dispersed industrial activity.

Office employment is giving rise to downtown residential development, and an increase in downtown population. At the same time, a growing level of tourist and business visitors are creating a resurgence in retail activity.

With central city jobs increasingly concentrated in downtown, improvement in central city transportation is essential. Investment in manpower and transportation merits priority in view of its potential contribution to future gains in private sector productivity. Two new developments in 1973 will favor central city development. The Highway Act of 1973 will provide a large new flow of funds for public transit systems. New regulations proposed by the Environmental Protection Agency, to meet clean air

standards in the late 1970's, will restrict automobile use in our large metropolitan regions, inhibiting further suburbanization of economic activity.

Scenario for the 1970's

Newly emerging demographic patterns of transcendent significance show a shift in the concentration of growth from those "under 19" in the 1960's to the "25 to 34 year olds" in the 1970's. The era, when growth in the "under 19" age group dominated population trends in the United States, is behind us. See Chart X. In the 1970's, growth in the 25 to 34 year age group will be much greater than the anticipated change in all other age groups. In essence, the baby boom which encouraged suburban growth in the postwar period, is being succeeded by a large growth in the 25 to 34 year old population whose life styles show a strong preference for city living.

A lower proportion of teenagers will also mean reduced crime rates. And the slowing of rural-urban migration will reduce the inflow of the poor. Polarization of the population of our large cities is likely to diminish. Unfortunately, political perception of the needs of the poor is also likely to weaken.

Chart X

RECENT AND PROJECTED CHANGES IN THE U.S. POPULATION BY AGE GROUP

1960-70



1970-80



Under
19

20
to
24

25
to
34

35
to
64

65
to
Over

Thus, the scenario of the 1970's, for our large cities, appears to be one in which reinforced growth of jobs and income in their services activity oriented economies may be accompanied by a reversal of the earlier pattern of population loss. In this scenario, the expanding role of public and private investment in infrastructure must be complemented by social programs enhancing housing upgrading, manpower training, and other services designed to encourage the advance of the cities as both places to work and places to live, if their social and economic potential are to be realized.

The growth in jobs and income in our large cities, and the potential for reversal of population loss, suggest that a new chapter in the evolution of our cities is on the horizon. Channeling these changes so that they will be of benefit to the poor, as well as the middle and upper classes, is the challenge for public policy.

In this new chapter, expanding service activities more than replace the loss in manufacturing, and the cities become increasingly attractive to those in higher grade occupations, as jobs expand. There will be larger public

and private sector efforts to improve urban amenities and urban infrastructure through public capital outlays and private investment in the construction of new housing and rehabilitation of the old. Poverty in the cities will be further reduced by the growth in jobs, and advance in education, and there will be a fall-off in in-migration of the less privileged as economic conditions in the areas from which they come are bettered. Revitalization of the cities will proceed. Aging structures will be replaced. The ratio of jobs to population will continue to increase. The housing stock will shift to higher levels of unit value. Growth in economic vitality will be complemented by population vitality as the number of 25 to 34 year olds expands. The real problem of the cities, which is fiscal and not economic, will be favored by imaginative revenue sharing by the Federal government and the states.

The burgeoning movement to conserve our environment, culminating in the stringent clean air standards that must be achieved in our large metropolitan regions, by the late 1970's, will generate a new complex of social and economic forces which hold great promise for enhancing the future

of our large cities as places to work and live. The reverberations of the implementation of these standards is complex, and the understanding of their effect has hardly begun. Yet the main lines of their impact can be sketched.

The reduced role of the automobile for journey to work commuting within the perimeter of metropolitan regions will discourage expansion of suburban living and dispersal of job location. Central city oriented public transit will be encouraged by the clean air standards and the Highway Act of 1973 providing a new source for transit funding.

City environments will be enhanced by the new standards for high rise clustering, the requirements for public amenities, the protection of open space and architectural heritage, and the fostering of quality in residential building.

We firmly believe that a fundamental change in the livability of our cities is occurring. Now is the time to address the question of who will benefit by this

change. To the extent that the poor can be provided with job skills to participate in the economic growth of the cities, and to the extent that their housing costs can be kept in line with their income, everyone will benefit. Unfortunately, public policy appears headed in the opposite direction. Livability for cities is most likely to translate into dispersion and invisibility for the poor.

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Tables

For Charts I through X



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